

Higher Education Staff Summary

April 18th, 2006

In attendance: Denny Heck, Beth Thew, Michael Miles, Bernal Baca, Jim Bricker, Betti Sheldon, Representative Phyllis Guitierrez Kenney, Representative Don Cox, Sally Jewell, Libby Street, Tim Stensager, Suzannah Malarkey, Michael Pavel, Dave Spangler, Ray Lawton, Phyllis Campbell, John Warner, Senator Craig Pridemore, Steve Mullin, Chris Alejano

Staff: Debora Merle, Governor's Office; Ann Daley, Washington Learns; Dana Richardson, Governor's Office; Marc Webster, Office of Financial Management; Sarah Reyneveld, Washington Learns

The meeting began with a call to order from the Chair Denny Heck and introductions from members of the Higher Education Advisory Committee.

As the first order of business, Chair Denny Heck made a motion to approve the minutes from the March 23rd meeting. The minutes were approved.

Next Chair Denny Heck's revised his Memorandum: Regarding Tuition Discussion. The committee discussed that it was necessary to gain a better understanding of tuition policy in regards to the funding scheme of the federal government. The group also discussed tuition increases and the relationship between tuition and legislative appropriations. There were concerns expressed that the price of tuition has forced some students out of the market. Additional questions included: is there a defined higher education international marketplace and if so, how do we operate most effectively in that marketplace? The committee made several revisions to the tuition document, noted by staff.

Transition group member Bernal Baca then made a presentation to the committee. The presentation highlighted the transitions subcommittee's key position statements. The group's position statements supported the following: Achieving Equity in High School Completion and College Preparation; K-12 Guidance and Advising Systems; Dual Credit Programs; minimum freshmen admission standards for public baccalaureate institutions; and a core course database. The group is also working to convert minimum freshmen admission standards to competency language. A question was posed regarding why the committee should support dual credit options? There was also a clarifying question asked regarding core competencies in relation to the proposed minimum freshmen admission standards. The committee requested additional information on core competencies.

The group then heard a presentation from Randy Spaulding, HECB; Bryan Wilson, WTECB; and Loretta Seppanen, SBCTC on workforce demand and the supply of graduates to meet that demand. The HECB's Randy Spaulding discussed the HECB needs assessment and concluded that the state would need to accommodate an additional 45,000 students by 2012. Bryan Wilson of the WTECB and Loretta Seppanen of the SBCTC discussed their findings in a joint report that was distributed to the Higher Education Advisory Members. There is not currently consensus on whether the state is producing enough BA's. The conclusion that the report draws is that the state is producing enough total BA's, but gaps remain in specific fields (health care, engineering, computer science).

Questions from the committee included: how best do we address high demand fields and potential pricing recommendations? Additional questions were raised regarding how to pilot ways to recruit and retain people? It was suggested that we need to look at student inputs and outputs and the cost of program in addition to how many students are going in. Further commentary addressed whether responsibility should be shifted to Higher Education institutions to evaluate student outputs.

After lunch, Denny Heck introduced Paul and Bill Chance. Bill Chance introduced the 'Demand for Higher Education' progress report by saying that NORED's been trying to keep the committee posted on the progress the consultants have been making in many areas. These are status reports; they're works in progress. We need your input to help shape the recommendations in the final products, as nobody wants recommendations that are sharply at odds with where the committee wants to go.

Mr. Sommers introduced his presentation by saying it was 'Act II' in the workforce area, and may repeat a lot of what the committee saw in the three-agency joint report on employer demand. Sommers started off by saying that there are three types of demand: students seeking access, employers seeking to hire graduates and regions seeking a higher education presence to catalyze development. Participation rates vary by county, as different employer/industry needs drive different demand for education. The projected enrollments put together by OFM Forecasting and the HECB are not based on economic need. More people now need college, and while this goal is reflected in the HECB master plan, most projections are still based on extending past trends into the future. Many employers don't know the exact skills requirements they may need, but they know these requirements are subject to change. Employers often prefer BA holders with a broad base of skills, thinking that these employees may be more adaptable.

In workforce demand, Employment Security's long-term industry/occupation projections can be matched with in-state degree production to see the gap between supply and demand by field. This approach doesn't account for in-migration, and the methodology is slow to adapt or account for new industries, occupations and shifts in the utilization of highly skilled/educated employees. It may systematically underestimate employer demand for workers at the top end of educational attainment.

The HECB's analysis, which was just presented by Randy/Bryan/Loretta, shows a balance, in aggregate, at the BA level. There are deficits at the AA and certificate levels, as well as deficits at the professional/doctoral levels. But this aggregate analysis hides gaps for specific occupations: health care, information technology, construction, some engineering fields.

The number of degrees in engineering, math, health care and physical sciences has actually declined in recent years. And while many employers look to foreign and out-of-state workers to fill these needs, a study Mr. Sommers performed for the Technology Alliance found that start-up firms aren't able to recruit from outside the region. This may limit the number and growth of these firms.

The supply and demand estimates for certain CTC programs illustrate how far from meeting the demand we are. The CTC's produce 45% of the demand for nursing aids, 16% of demand for carpenters (though there are other pathways to construction careers), and 27% of electricians.

Where do graduates go? The SBCTC and WTECB use Employment Security's employee database to track the employment, wage and industry of 'completers' in workforce training programs. Universities haven't done this, but could easily join this established system. Regional economic development often hinges on higher education. Tacoma made a strategic decision almost 20 years ago to go after a UW branch to refocus their economy. Vancouver and Tri-cities have done this more recently. Who's next? Maybe Snohomish/Skagit county, Kitsap county, rural areas. Is there a lower cost solution than more research university branches?

Participation rates may rise for a number of reasons - ranking Washington with similar states may be a way to stay ahead of the problems in traditional participation rate analyses (lag in industry shifts, students may demand more education once they understand technological impacts, etc.). Washington ranks low in BA production compared to the global challenge states, last in science and engineering BAs, 2nd to last in science and engineering graduate students per 1,000 residents aged 25-34.

Mr. Sommers then responded to questions from the committee. These included questions regarding BA production. Specifically, if we're below average in BA production, but above average in degree production as a percentage of high school grads, is the problem at the secondary level? Additional questions included whether occupations might be outsourced in the future. Mr. Sommers replied that no consideration was given to outsourcing in the data he presented, but Seattle Univ. studied this phenomenon, and found a lot of experimentation going on: there's no certainty on the part of employers as to what to outsource. No national studies on this outside of those based on layoff figures, which skews the conclusions. Additional questions were raised regarding why Washington students leave the state? Is it because we're hiring so many out-of-state grads? Paul said that this might show a flaw in the supply/demand analysis: we keep hiring BAs from out of state and the premium on BAs keeps growing. A further comment was made that the advisory committee should reach consensus about opportunities for *Washington* citizens. We need better data on grads, but the focus of the group's recommendations should be about opportunities for resident students. Finally, questions were raised about the particular instrument recommended by Mr. Sommers (employee matching using Employment Security's database). Concerns were expressed that it just doesn't add a lot of value. We need occupation data, not industry data. Paul replied that while this matching database wouldn't be perfect, it would add some precision about where graduates go. Further suggestions were made that the data we collect should focus on our goal of improving outcomes for Washington students. It would be great to see this over time as well - follow a cohort of graduates to see where they end up.

Next Carol Jenner's (OFM Forecasting Division) presented a report by herself, Pat Tasanasanta (OFM Forecasting Division) and Marc Webster. The presentation provided an overview of how participation rates are used in projecting enrollments and the limitations of participation rate projections. Specifically, participation rate projections are not projections of the need or demand for higher education in the future-they only indicate what enrollment levels would be in the future if current participation rates were maintained. They are most useful in establishing a "maintenance level" budget perspective on enrollment. The presentation outlined the prime college-age population trends (between 2005 and 2030 the number of 17-to 22-year-olds will rise by 115,500), highlighting the rise and wane of the baby boom "echo" effect. If current participation rates were maintained, Washington's four year institutions would require enrollment increases of over 1,300 FTEs per year and the two-year institutions would require enrollment increases averaging nearly 4,000 FTEs per year through the 2011-13 biennium. The report also answered a question proposed by the enrollment subgroup: what would be the impact on

participation rates and enrollment if the high school graduation rate increased by 5 percent? By 10 percent? Ms. Jenner answered these questions based on projected change in enrollment in 2010, 2020 and 2030. She highlighted what projected change in enrollment would be in 2010 (5%=2,554, 10%=5,109), 2020 (5%=2,504 10%=5,008), 2030 (5%=2,835, 10%=5,671). The next section of the presentation dealt with state comparisons including participation rates, degrees awarded and education attainment. While Washington is in the top cohort (5th) in a state comparison in terms of the number of 2-year graduates, it ranks falls to the bottom (45th) for public-4 year and graduate school participation (47th). Questions included: why we are putting so much effort into AA production and falling behind in BA production? Some concluded that we need to be prepared for the economic issue of increases in enrollment.

Finally, Bill Zumeta presented his report, "Enrollment Needs and Distribution: Policy Considerations" following Carol Jenner's presentation on roughly the same topic. He started by drawing a distinction between demand (which is affected by pricing, aid, geography, the economy and demographics) and need (which is driven by technological and social change). After presenting slides showing Washington's rankings on associates and bachelor's degrees awarded by 1,000 population, he got to the primary question: how can Washington improve its competitive position? New investments will likely be required, and Washington Learns is in a good position to learn from prior efforts and direct funding to achieve the goal.

Zumeta then discussed participation rate projections, which, while taking few factors into consideration, offer policy makers a useful gauge of a 'maintenance level' budget. They help calculate the cost of staying even. If policy makers want to do more than stay even, there are other approaches: setting the goal of achieving the 70th percentile of the US in college participation. They may want to maintain the state's exemplary rankings in certain subcategories of participation (including AA or 2-year part rate), but the three-agency report suggests even more may be needed there.

NORED views the 'Global Challenge States' as a better benchmark than the national or WICHE (Western Interstate Commission on Higher Education) averages. To reach the average of the "Global Challenge" states would require a 13% increase in annual BA awards and a 49% increase in graduate and professional degree awards. Such large increases would need to be phased in.

The HECB's 2004 Master Plan starts with a goal of increased degree production and the enrollments necessary to achieve this goal are then calculated. This leads to a call for 45,000 new FTEs system wide, whereas the population-based forecast sees 21,000 new FTEs coming due to demographics. This approach has

some advantages, including the fact that degrees link to the labor market better than enrollments. At the same time, enrollments have more to do with student access, so there's a trade-off. The goal assumes current relationship between degrees and enrollments (current efficiency is maintained); a national study by NCHEMS shows Washington performs quite well in degree productivity compared with other states. Either way, the goals are ambitious. The state's funding constraints are real, so strategies to improve participation need to reflect this. Ambitious goals in the past have not maintained traction, so something needs to change for them to be taken seriously now.

In terms of enrollment distribution, the HECB estimates that the 6 main four-year campuses have space for another 19,000 FTEs compared to 2003-04. Not all of these campuses may be able to attract students to reach their capacity. Branch campus expansion plans imply an additional \$500-600 million in capital costs. CTCs are substantially *over* capacity right now, so more capital investments may be needed there. The Branch campuses of the research institutions are well received by their communities and represent considerable state investments. They've been opened up to lower-division enrollment, but we don't yet know how attractive they'll prove to be.

The Snohomish/Island/Skagit region has below average participation, and a legislatively-directed study of their needs is underway (it's being conducted by the HECB). Ultimate result is likely to include the University Center of North Puget Sound, which is under development at Everett CC. This is not the only 2- and 4-year collaboration. Numerous initiatives offer upper division courses on CC campuses. 24 two-year campuses have upper division programs, which are operated by regional universities and WSU. Central Wash. University is the most active, serving 540 CC transfer students in 2003-04, similar to the numbers served by individual branch campuses.

The CTCs received funding to contract with universities to bring UD programs to four more sites next year. Facilitating transfer is critical because Washington basically has a 2+2 model in place. There were 14,600 total transfers in 2004-05, but this is still just 26-27% of total academic enrollments and this ratio is steady. Sufficient, accessible UD capacity is necessary to motivate students to persist. Programs like specialized transfer tracks and a web-based advising system should help. Co-enrollment or Co-admissions programs might also be attractive to students.

The CTCs are moving forward with applied baccalaureate degrees to get students in more vocationally-based programs to transfer into a shorter, applied BA program. 4 pilots will begin offering courses in 2007 - the degrees

will be offered on CC campuses. There is some concern about the mission of the CCs being distorted, however.

Distance learning is also growing, particularly in the CTCs. Over 6% of CTC FTEs are now distance-learning FTEs - nearly double the rate of 5 years ago. No one's figured out how much distance learning saves in capital construction, though there should be some savings. There is potential here for cost-effective growth, but state investments will be needed.

In ESL and Adult Basic Education, about 70,000 people are served each year (ESL is about 2/3 of the total) - that's only 1/10th of the estimated need. Completion/transition rates were poor before introduction of I-BEST, which integrates basic skills and professional-technical instruction. This is more expensive, but completion/transition rates jumped. Washington is well behind competitor states in educating its population and is in danger of falling further behind. The state has quality institutions, and plenty of creative people. New investments will be needed but constraints dictate the end for a cost-effective and 'broadly owned' plan for meeting enrollment and other needs in higher education.

Mr. Zumeta then responded to questions from the committee. These included:

- If we're low in the rankings but still quite close to the top states, does it matter? Bill Zumeta noted that the participation data aren't accounting for in-state versus out-of-state and foreign students. Thus, Massachusetts is skewed by schools like Harvard and MIT.
- What is the quality of distance learning - what are the outcomes? Zumeta stated that in general, you get a higher drop out rate, but equal course-by-course outcomes.
- How dual-credit is factored in and why the underserved population in the applications match study is so low?
- How about the capacity study - would the institutions actually do this? Would they agree to grow by this much? Bill replied that some upgrades to existing facilities and new construction would be needed, but the capacity figure represented projects authorizes (if not yet constructed) by the state. So in a sense, they've already agreed to the capacity upgrades.
- How much does the variance in BA completion come from different factors? Bill replied that these programs were too new to say for certain what the market will do with these degrees.

The meeting adjourned at 4:00 p.m.